

**In re: JAY STRANGER.  
FCIA Docket No. 00-0003.  
Decision and Order filed July 20, 2000.**

Donald McAmis, for Complainant.  
Respondent, Pro se.  
*Decision and Order issued by Dorothea A. Baker, Administrative Law Judge.*

On November 16, 1999, the Manager, Federal Crop Insurance Corporation, filed a Complaint pursuant to the Federal Crop Insurance Act (7 U.S.C. § 1501 *et seq.*) seeking disqualification of the Respondent from purchasing catastrophic risk protection or any other benefit under the Act, for a specified period by reason of alleged violations of the Act and applicable regulations. Respondent's Answer constituted general denials and "However, I deny any wrong-doing or fraud." Respondent did not ask for an oral hearing.

On March 28, 2000, Complainant filed a Motion for Summary Judgment to which Respondent filed no response. For good cause set forth in said Motion and, based on the record as a whole, Complainant's Motion for Summary Judgment is hereby granted and this Decision and Order are issued.

Pursuant to section (b) of the Rules of Practice Governing Formal Adjudicatory Administrative Proceedings Instituted by the Secretary, the Motion for Summary Judgment filed on March 28, 2000, by the Complainant, Federal Crop Insurance Corporation (FCIC), is granted on the grounds that there are no genuine issues of material fact.

As set forth by Complainant in the Complaint and in its Motion for Summary Judgment the Respondent entered into a settlement agreement dated January 29, 1999 [February 4, 1999], and consented to Entry of Judgment in the amount of \$74,355.50. There is preclusion of litigation arising from a judgment.

The documents (referred to herein as numbered Exhibits) accompanying the Motion for Summary Judgment indicate, among other things, that on April 8, 1998, Lawrence A. Grube (a.k.a. Larry Grube) (Grube), together with Larry Stranger and Jay Stranger and others, was indicted in the United States District Court for the District of North Dakota, Northern Division, for conspiracy to commit and commission of fraud to obtain monetary benefits to which he was not entitled from FCIC by larceny and by trick. Exhibit 1. Mr. Grube was convicted, by jury trial, of commission of these offenses on January 29, 1999. Exhibit 2.

Mr. Grube, Larry Stranger, and Jay Stranger were also the subjects of a civil action for damages in the same District Court in a Complaint filed by the United States on October 30, 1998. Exhibit 3.

Larry and Jay Stranger executed, through their attorney, a Settlement Agreement dated January 22, 1999, in which the civil Complaint against Grube would be dismissed, conditioned upon the Strangers' execution of the Settlement Agreement and entrance of Consents to Entry of Judgment. Exhibit 4. Larry Stranger entered

a Consent to Entry of Judgment in the amount of \$74,355.50 on January 29, 1999. Exhibit 5. Jay Stranger entered a Consent to Entry of Judgment in the amount of \$74,355.50 on January 29, 1999 [February 4, 1999]. Exhibit 6.

The civil suit against Grube was dismissed with prejudice. Exhibit 18. Both the criminal and civil actions against the Strangers arose out of a scheme and conspiracy in which they were involved in 1993 and 1994 to aid and abet Grube to collect money through the concealment of production and the filing of false claims by Grube with the insurer. Exhibits 1, 3 and 7.

As part of this scheme, an individual named Gowan wrote checks to Jay Stranger in the amount of \$58,278.36. Exhibit 9. He also wrote checks to Larry Stranger in the amount of \$81,027.92 as a part of the scheme. Exhibit 10. These checks, although labeled as payments for equipment rental to Larry and Jay Stranger, actually reimbursed Grube for the grain and sunflower seeds sold by Gowan as his own as part of the scheme. Exhibits 11 and 8.

Neither Jay nor Larry Stranger have ever disputed the fact that they accepted these checks or that they passed the proceeds on to Grube. The scheme to hide production, participated in by Larry and Jay Stranger, allowed Grube to hide production from FCIC, thereby causing FCIC to pay out additional money to Grube to which he was not entitled. Exhibit 17. Respondent Jay Stranger tried to conceal his fraudulent participation by lying to officials of FCIC when questioned concerning the transaction. Exhibits 19 and 20.

Previously, on May 4, 2000, a Decision and Order was issued as to Larry Stranger, FCIA Docket No.00-0004, wherein it was found that Larry Stranger was disqualified from purchasing catastrophic risk protection and other benefits for specified periods.

Respondent's blanket denials in his Answer are not sufficient to remove this case from issue preclusion. Moreover, there is no genuine issue of any material fact.

The Respondent, Jay Stranger, willfully and intentionally provided false information to the Federal Crop Insurance Corporation or to the insurer with respect to an insurance plan or policy under the Federal Crop Insurance Act, as amended (7 U.S.C. § 1501 *et seq.*) when he conspired with, aided, and abetted Lawrence A. Grube (Grube) together with others to commit fraud and did commit fraud to obtain monetary benefits to which he was not entitled from the Federal Crop Insurance Corporation. The scheme involved the collection of money through the concealment of production and the filing of false claims by Grube with the insurer.

Therefore, it is found that the Respondent has willfully and intentionally provided false and inaccurate information to the Federal Crop Insurance Corporation or to the insurer with respect to an insurance plan or policy under the Act (7 U.S.C. § 1506(m)).

It is further found that, pursuant to section 506 of the Act (7 U.S.C. § 1506),

Respondent, and any entity in which he retains a substantial beneficial interest after the period of disqualification has commenced, is disqualified from purchasing catastrophic risk protection for a period of one year and from receiving any other benefit under the Act for a period of five years. The period of disqualification shall be effective thirty five days after this decision is served on the Respondent unless there is an appeal to the Judicial Officer pursuant to § 1.145 of the Rules of Practice Governing Formal Adjudicatory Administrative Proceedings Instituted by the Secretary.

If the period of disqualification would commence after the beginning of the crop year, and the Respondent has a crop insurance policy in effect, disqualification will commence at the beginning of the following crop year and remain in effect for the entire period specified in this decision.

Copies shall be served upon the parties.

[This Decision and Order became final August 29, 2000.-Editor]

-----